

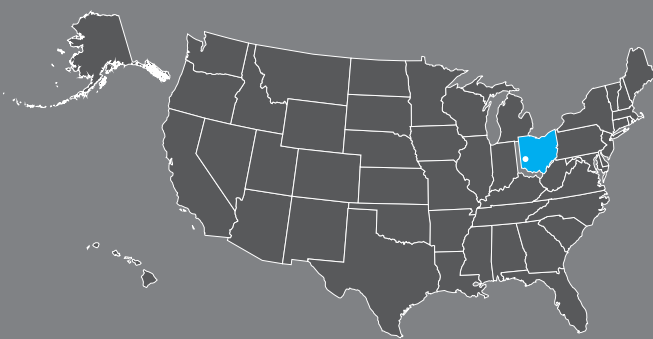
# HUD PD&R Housing Market Profiles

## Dayton, Ohio



### Quick Facts About Dayton

- **Current sales market conditions: soft.**
- **Current rental market conditions: soft.**
- **Current apartment market conditions: slightly soft.**
- **Tech Town, a 40-acre redevelopment project in downtown Dayton that focuses on attracting technology-based firms to the downtown area, has completed three buildings since 2000, creating an estimated 320 new jobs among the 44 companies that lease space in the buildings.**



By Felipe Chacon | As of November 1, 2013

### Overview

Approximately 50 miles northeast of Cincinnati, on the Indiana border, the Dayton metropolitan area includes Greene, Miami, Montgomery, and Preble Counties in Ohio. The metropolitan area is home to several colleges and universities, including Wright State University (WSU), the University of Dayton, and Sinclair Community College. In addition, Wright-Patterson Air Force Base (AFB) and the Dayton Aviation Heritage National Historical Park, where the Wright brothers researched and perfected their early aircraft designs, are in the metropolitan area.

- As of November 1, 2013, the estimated population of the metropolitan area was 843,100, an increase of 430, or 0.1 percent, annually since April 1, 2010.
- Net natural increase (resident births minus resident deaths) has accounted for all the population growth since April 2010, as net out-migration has averaged 1,125 people annually compared with an average net out-migration of 3,460 people annually during the 2000-to-2010 decade, when the population declined by 670, or 0.1 percent, annually.

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- The population declined the fastest, averaging 1,600, or 0.2 percent, annually from mid-2006 through mid-2009, when the local economy was declining at a faster rate than the national economy and net out-migration averaged 4,400 people annually.

- The city of Dayton, the principal city of the metropolitan area, had an estimated population of 141,400 as of July 2012, accounting for nearly 17 percent of the population of the metropolitan area.

## Economic Conditions

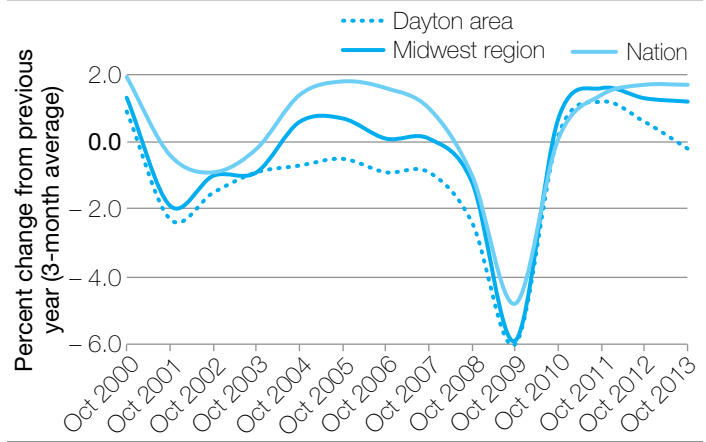
Economic conditions in the Dayton metropolitan area weakened during 2013 after improving from 2010 through 2012.

During the 3 months ending October 2013—

- Nonfarm payrolls averaged 377,600 jobs, a decline of 600 jobs, or 0.2 percent, compared with the number of nonfarm payrolls recorded during the same 3-month period a year ago.
- Declines in the leisure and hospitality, manufacturing, and government sectors of 1,500, 900, and 800 jobs, or 4.0, 2.2, and 1.3 percent, respectively, more than offset gains in several sectors, including the wholesale and retail trade and the professional and business services sectors, which grew by 1,100 and 500 jobs, or 2.1 and 1.0 percent, respectively.
- Before increasing by an average of 1,300 jobs, or 3.2 percent, annually from 2010 through 2012, the manufacturing sector declined by an average of 4,000 jobs, or 5.8 percent, annually from 2000 to 2010; the sector began losing jobs at an accelerating rate as early as 2005 after losses slowed from 2000 through 2004.

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### Nonfarm payroll growth rates in the Dayton area have been weaker than regional and national rates since 2000.



Note: Nonfarm payroll jobs.  
Source: U.S. Bureau of Labor Statistics

### Despite an overall decrease in nonfarm payrolls in the Dayton area, private nonfarm payrolls, excluding government sector losses, remained relatively unchanged.

	3 Months Ending		Year-Over-Year Change	
	October 2012 (thousands)	October 2013 (thousands)	Absolute (thousands)	Percent
<b>Total nonfarm payrolls</b>	378.2	377.6	-0.6	-0.2
Goods-producing sectors	53.2	52.5	-0.7	-1.3
Mining, logging, and construction	11.7	12.1	0.4	3.4
Manufacturing	41.4	40.5	-0.9	-2.2
Service-providing sectors	325.1	325.0	-0.1	0.0
Wholesale and retail trade	52.9	54.0	1.1	2.1
Transportation and utilities	11.4	11.5	0.1	0.9
Information	8.8	8.6	-0.2	-2.3
Financial activities	17.6	18.0	0.4	2.3
Professional and business services	49.0	49.5	0.5	1.0
Education and health services	69.8	70.2	0.4	0.6
Leisure and hospitality	37.9	36.4	-1.5	-4.0
Other services	14.6	14.5	-0.1	-0.7
Government	63.1	62.3	-0.8	-1.3
	<b>(percent)</b>	<b>(percent)</b>		
Unemployment rate	7.0	7.5		

Note: Numbers may not add to totals because of rounding.  
Source: U.S. Bureau of Labor Statistics



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- The largest sector was education and health services, with 70,200 jobs, or nearly 19 percent of the total nonfarm jobs in the metropolitan area.
- The unemployment rate increased to 7.5 percent from 7.0 percent during the same period a year earlier.

Wright-Patterson AFB, the largest employer in the metropolitan area, has an estimated 29,700 active duty, civilian, and contract personnel. A 2011 economic impact study conducted by the base estimated annual direct salary and expenses to be \$3.15 billion. General Electric Aviation has added 450 jobs at its three plants in the metropolitan area since 2007 and is in the process of hiring an additional 50 researchers at its new facility on the University of Dayton campus, which was completed in mid-2013. The company expects to employ 150 to 200 workers when the facility is at full capacity in 2017. Cintas Corporation, a diverse business service

### Largest employers in the Dayton area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Wright-Patterson Air Force Base	Government	29,700
Premier Health	Education and health services	14,125
Kettering Health Network	Education and health services	5,030

Note: Excludes local school districts.  
Source: City of Dayton Office of Economic Development

provider, has added 100 full-time jobs in the metropolitan area since completing a \$500,000 facility renovation in 2010. Assurant, Inc., an insurance provider, leased 41,000 square feet of office space in the city of Dayton in June 2013 and is currently in the process of hiring 200 new workers.

## Sales Market Conditions

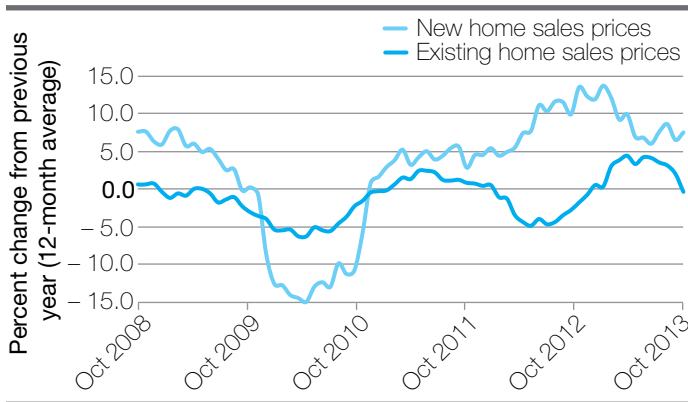
Sales housing market conditions are soft in the Dayton metropolitan area. The estimated sales vacancy rate is currently 2.6 percent, essentially unchanged from 2.7 percent in April 2010. During the 12 months ending September 2013, existing home sales (including single-family homes, townhomes, and condominiums) increased by 2,300 homes, or 24 percent, to 11,900 homes sold, but new home sales increased by only 10 homes, or nearly 3 percent, to 460 homes sold during the same period (Metrostudy, A Hanley Wood Company). By comparison, new and existing home sales averaged 9,300 homes annually from 2010 through 2011 and 13,200 homes annually from 2006 through 2009. During the 12 months ending September 2013, the average sales price for existing homes was \$119,800, unchanged

from the previous year, but the average sales price for new homes increased by \$17,550, or 7 percent, to \$252,200. Average sales prices for new and existing homes declined from mid-2008 through mid-2010 at an average rate of nearly 3 percent annually from a peak of \$126,800, then averaged \$117,600 from mid-2010 through mid-2012.

- During the 12 months ending September 2013, distressed sales comprised 24 percent of total sales in the metropolitan area, down from 27 percent a year earlier; distressed sales nationally accounted for 16 percent of total sales, down from 22 percent the previous year (Metrostudy, A Hanley Wood Company).

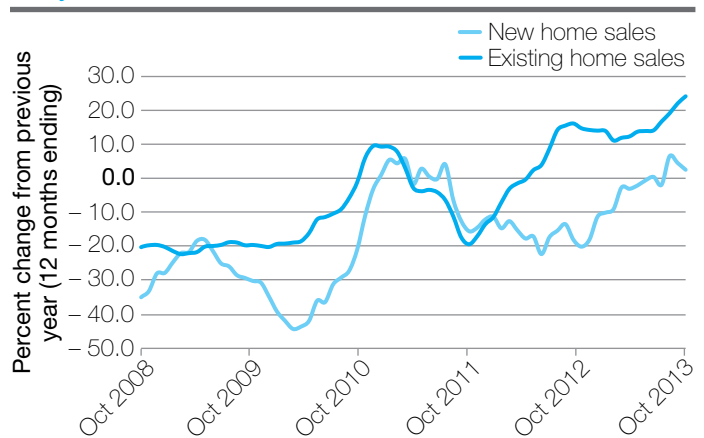
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### New home sales price gains in the Dayton area have outpaced existing homes sales price changes since mid-2010.



Note: Includes single-family homes, townhomes, and condominiums.  
Source: Metrostudy, A Hanley Wood Company

### Existing home sales in the Dayton area have increased since late 2011, but new home sales only recently started to increase after declining since early 2011.



Note: Includes single-family homes, townhomes, and condominiums.  
Source: Metrostudy, A Hanley Wood Company

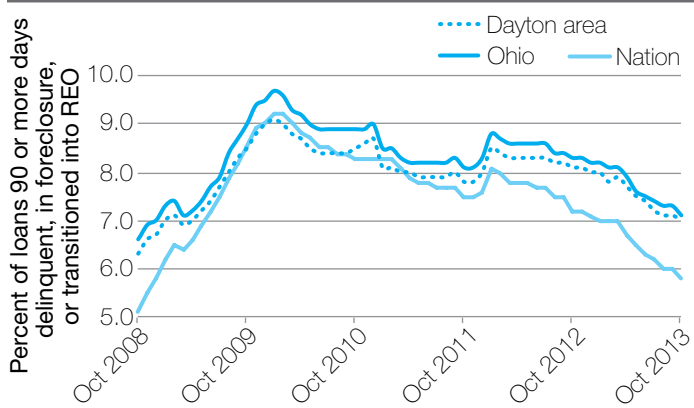


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- Home purchases made by absentee owners accounted for an estimated 22 percent of total sales in the metropolitan area during the 12 months ending September 2013, up from 19 percent a year earlier and compared with 45 percent nationally.
- As of October 2013, 7.0 percent of home loans in the metropolitan area were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), down from 8.1 percent a year earlier (LPS Applied Analytics).

During the 3-month period ending October 2013, single-family home construction activity increased but remained minimal, as measured by the preliminary estimate of the number of homes permitted, after significant annual declines that began in 2006 and continued through 2010.

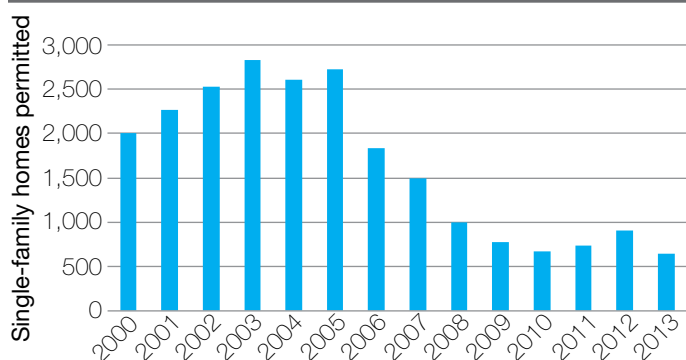
**Distressed loan rates have remained slightly lower in the Dayton area than in Ohio since 2008 but were higher than the national rate.**



REO = Real Estate Owned.  
Source: LPS Applied Analytics

- Single-family home permitting increased 18 percent, to 200 homes permitted, during the 3 months ending October 2013 compared with the 170 homes permitted a year earlier.
- From 2000 through 2005, an average of 2,500 single-family homes were permitted annually, with a peak of 2,825 homes permitted during 2003. Single-family permitting then fell to an average of 1,275 homes permitted from 2006 through 2009 as net out-migration increased.
- Single-family home permitting in the metropolitan area averaged 770 homes permitted from 2010 through 2012.

**Single-family home permitting activity in the Dayton area has remained low since bottoming out in 2010 after 5 years of consistent declines.**



Note: Includes preliminary data from January 2013 through October 2013.  
Source: U.S. Census Bureau, Building Permits Survey

**Rental Market Conditions**

Overall rental housing market conditions in the Dayton metropolitan area are soft, with an estimated vacancy rate of 9.8 percent, but improved from the 12.3-percent rate recorded in April 2010. Apartment market conditions in the metropolitan area are currently slightly soft, unchanged from a year ago but improved from the soft conditions of 2008 through 2011. During the third quarter of 2013, the estimated apartment vacancy rate was 5.5 percent, up slightly from 5.3 percent a year earlier but down from an average of 7.3 percent from 2008 through 2011 (Reis, Inc.). Vacancy rates were declining until recently, primarily a result of the economic recovery and an increasing propensity to rent stemming from strict mortgage lending standards.

- During the third quarter of 2013, the estimated average apartment rent was \$640, up more than 1 percent from a year earlier.

- Class A units have an average vacancy rate of 3.5 percent and an average asking rent of \$817 compared with a vacancy rate of 6.6 percent and an average asking rent of \$580 for Class B and C properties.
- Traditional apartments, including structures with three or more units, account for an estimated 52 percent of the overall rental market in the metropolitan area, whereas single-family homes make up 32 percent of the rental market.
- Among the University of Dayton, WSU, and several smaller universities in the metropolitan area (excluding Sinclair), students make up an estimated 7 to 8 percent of the overall private rental market.
- With only 600 of the 7,250 active-duty, nonreserve military personnel living in on-base housing, most of the remainder account for an estimated 5 percent of the overall private rental market.

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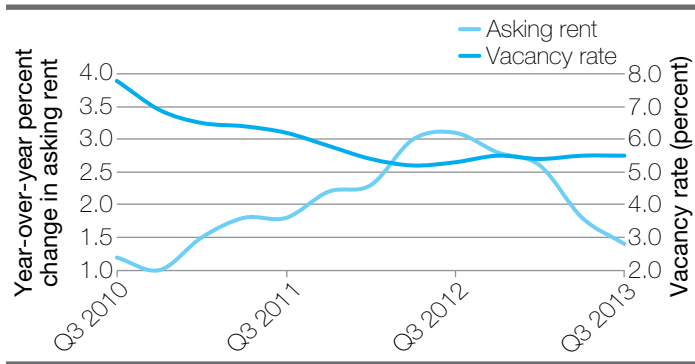


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Despite recent improvements in apartment market conditions, multifamily construction activity increased but remained depressed, with an average of 110 multifamily units permitted annually since 2007 compared with an average of 640 units permitted annually from 2000 through 2006.

- During the 12 months ending October 2013, an estimated 230 multifamily units were permitted, up from 20 units permitted a year earlier (preliminary data).
- Multifamily construction peaked in 2002 and 2003, when an average of 1,000 units were permitted annually.
- Demolition of the former Dayton Daily News building currently is under way in downtown Dayton to clear space for a new

**Apartment rents have continued to grow in the Dayton area, although at a decreasing rate, and vacancy rates have remained steady at less than 6 percent.**

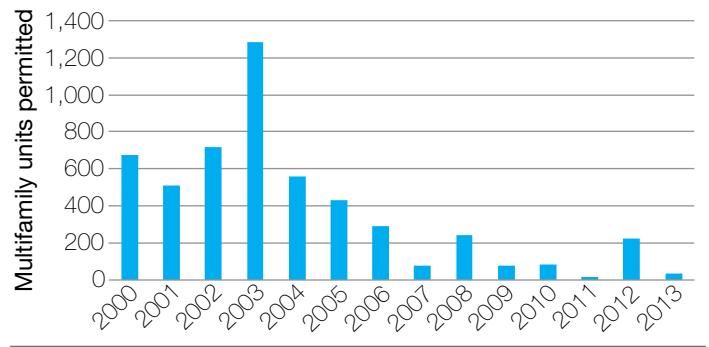


Source: Reis, Inc.

apartment building with 200 units, or approximately 350 beds, for Sinclair students. The construction is expected to be complete by the fall 2015 semester.

- The 80-unit Ashton Brooke Phase IV apartment building in Montgomery County, completed mid-2011, offers units with rents ranging from \$820 to \$1,474 for one- to three-bedroom units.
- Water Street, a \$33.5 million mixed-use project in downtown Dayton, is expected to break ground in April 2014. The development will include 50,000 square feet of office space to be completed in 2014 and 150 to 170 apartment units that are expected to be ready for the first occupants in 2015.

**Builders in the Dayton area remained cautious of a rental market that continued to give mixed signals.**



Note: Includes preliminary data from January 2013 through October 2013. Source: U.S. Census Bureau, Building Permits Survey

